IN THE HIGH COURT OF JUDICATURE AT BOMBAY

CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.1993 OF 2007

M/s. Gate City Software Solutions
Pvt. Limited, Pune. ....Petitioner.

V/s

The Regional Director,
Western Region, Ministry of Commerce,
Mumbai & Others. .....Respondents.

Mr. A.V. Anturkar i/b Ms. S.B. Deshmukh for the Petitioner.

Mr. N.D. Shastri with Mr. G.P. Master for Respondent No.1.

Respondent No.2 present in person.

CORAM : D.K. DESHMUKH &
V.M. KANADE, JJ.
DATE : 26th November, 2007.

P.C.:

1. Rule. Rule is made returnable forthwith. Heard finally by consent of parties.

2. By this Petition, the Petitioner challenges the order passed by the Registrar under section 224(7) of the Companies Act, declining to give previous approval to the proposal for removal of the auditor - respondent No.2. Perusal of the order impugned shows that the respondent

No.1 has not given any reasons why he is declining to give previous approval for removal of respondent No.2. Respondent No.2 appears in person and concedes that the respondent No.1 has not given any reasons. The necessity of the respondent No.1 assigning reasons when he decides to decline the permission to the Company to remove the auditor cannot be overstated. It is a requirement of natural justice and when, a statutory authority, which is obliged to hear both sides, makes an order, the necessity of giving reasons in the order is implicit. In this view of the matter, therefore, the impugned order will have to be set aside.

3. In the result, therefore, Petition succeeds and is allowed. The order impugned in the Petition is set aside. The matter is remanded to respondent No.1. Respondent No.1 is directed to rehear the parties and make a fresh order after assigning reasons in his order.

4. For the aforesaid purpose, both the parties shall appear before Respondent No.1 on 07/01/2008. Respondent No.1 shall make his reasoned order as per directions within a period of four weeks thereafter. Rule is made absolute accordingly. No order as to costs.

(D.K. DESHMUKH, J.)

(V.M. KANADE, J.)